Publication Date: 9 September 2022

AGL Energy Ltd.

Final Company Assessment

October 2022 Climate Action 100+ Net Zero Company Benchmark

Sector: Electricity Utilities
Sector Cluster: Energy
ISIN: AU000000AGL7
Market Capitalisation Group: Medium
Focus Company Type: Plus List
Company Headquarters: Australia

In order to provide investors with critical benchmarking data ahead of the Australia AGM season, Climate Action 100+ is releasing the latest Net Zero Company Benchmark assessment for AGL Energy Ltd. via this briefing. The initiative intends to release Benchmark data for all other Climate Action 100+ focus companies in mid-October 2022.

This briefing contains AGL Energy Ltd.'s scores for each of the relevant Disclosure Framework Indicators and Alignment Assessments that comprise the Net Zero Company Benchmark. You can find more information about these assessments on our website and within our Methodology Document.

Publication Date: 9 September 2022

The Benchmark is comprised of two sets of assessments:

Disclosure Framework	Alignment Assessments
The Disclosure Framework Indicators draw on public and self-disclosed data from companies. These are collected from sources such as company annual reports, sustainability reports, press releases, and Carbon Disclosure Project (CDP) disclosures. The Benchmark is not a disclosure mechanism or database itself, rather an assessment tool. See a summary of the Disclosure Framework Indicators. See the Disclosure Framework Methodology	Alignment Assessments (formerly called Capital Allocation Assessment Indicators) complement the Disclosure Framework. These are provided by members of the Climate Action 100+ Technical Advisory Group, which includes Carbon Tracker Initiative (CTI), the Climate Accounting and Audit Project (CAAP), Rocky Mountain Institute (formerly 2° Investing Initiative ,2DII), and InfluenceMap, The Alignment Assessments provide independent evaluations of the alignment and adequacy of company actions with the goals of Climate Action 100+ and the Paris Agreement. These include: Capital Allocation Alignment Assessments (CTI) For oil and gas and electric utility focus companies only. Climate Policy Alignment (IM) For nearly all focus companies. Capital Allocation Alignment (RMI) For electric utility, autos, steel, cement and aviation focus companies only Climate Accounting and Audit [PROVISIONAL] (CTI and CAAP) For nearly all focus companies.

Publication Date: 9 September 2022

Climate Action 100+

Disclosure Framework Final Assessment

Provided by the Transition Pathway Initiative (TPI)

The disclosure framework evaluates the adequacy of corporate disclosure in relation to key actions companies can take to align their businesses with the Climate Action 100+ and Paris Agreement goals. **The framework reflects publicly disclosed information as of 13 May 2022 and is assessed by the Transition Pathway Initiative.** Download the [disclosure framework methodology]() to learn more.

Scoring rules:

- **Green**—At the overall Indicator level, the company receives a 'Yes' on all Sub-indicators and Metrics that make up the Indicator. At the Sub-indicator level, the company receives a 'Yes' on all Metrics that make up the Sub-indicator.
- **Amber**— At the overall Indicator level, the company receives a 'Yes' on at least one Metric that makes up the Indicator. At the Sub-indicator level, the company receives a 'Yes' on at least one Metric that makes up the Sub-indicator.
- **Red**—At the overall Indicator level, the company receives a 'No' on all Sub-indicators or Metrics that make up the Indicator. At the Sub-indicator level, the company receives a "No" for all Metrics that make up the Sub-indicator.

Indicator	Metric	Score
Indicator 1: Net-zero GHG Emissions by 2050 (or sooner) ambition[1]	**Indicator 1 - Net zero GHG emissions by 2050 (or sooner) ambition**	Partial
	Metric 1.1.a - The company has made a qualitative net zero GHG emissions ambition statement that explicitly includes at least 95% of its Scope 1 and 2 emissions.	Y
	Metric 1.1.b - The company's net zero GHG emissions ambition covers the most relevant Scope 3 GHG emissions categories for the company's sector, where applicable.	N
Indicator 2: Long-term (2036-2050) GHG emissions target(s)[2]	**Indicator 2 - Long-term (2036-2050) GHG emissions target(s)**	Partial
	Metric 2.1 - The company has set a target for reducing its GHG emissions.	Y

	Sub-indicator 2.2 - The long-term (2036 to 2050) GHG reduction target covers at least 95% of Scope 1 & 2 emissions and the most relevant Scope 3 emissions (where applicable).	Partial
	Metric 2.2.a - The company has specified that the target covers at least 95% of its total Scope 1 and 2 emissions.	Y
	Metric 2.2.b - Where applicable, the company's Scope 3 GHG emissions target covers at least the most relevant Scope 3 emissions categories for the sector, and the company has published the methodology used to establish the Scope 3 target.	N
	Metric 2.3[3] - The expected carbon intensity derived from the company's long-term GHG emissions reduction target (or, in the absence of a long-term target, the company's last disclosed carbon intensity or the intensity derived from its short-or medium-term target) is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°Celsius with low or no overshoot in 2050. This is equivalent to IPCC Special Report on 1.5°Celsius pathway P1 or net zero emissions by 2050.	N
Indicator 3: Medium-term (2026 to 2035) GHG emissions target(s)[4]	**Indicator 3 - Medium-term (2026 to 2035) emissions targets**	N
	Metric 3.1 - The company has set a target for reducing its GHG emissions.	N
	Sub-indicator 3.2 - The medium-term (2026 to 2035) GHG reduction target covers at least 95% of Scope 1 & 2 emissions and the most relevant Scope 3 emissions (where applicable).	N
	Metric 3.2.a - The company has specified that the target covers at least 95% of its total Scope 1 and 2 emissions.	N
	Metric 3.2.b - Where applicable, the company's Scope 3 GHG emissions target covers at least the most relevant Scope 3 emissions categories for the sector, and the company has published the methodology used to establish the Scope 3 target.	N

Publication Date: 9 September 2022

	Metric 3.3[5] - The expected carbon intensity derived from the company's medium-term GHG emissions reduction target (or, in the absence of a medium-term target, the company's last disclosed carbon intensity or the intensity derived from its short-term target) is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°Celsius with low or no overshoot in 2035. This is equivalent to IPCC Special Report on 1.5°Celsius pathway P1 or net zero emissions by 2050.	N
Indicator 4: Short-term (2022 to 2025) GHG emissions target(s)[6]	**Indicator 4 - Short-term (2022 to 2025) emissions target(s)**	Partial
	Metric 4.1 - The company has set a target for reducing its GHG emissions.	Y
	Sub-indicator 4.2 - The short-term (up to 2025) GHG reduction target covers at least 95% of Scope 1 & 2 emissions and the most relevant Scope 3 emissions (where applicable).	Partial
	Metric 4.2.a - The company has specified that the target covers at least 95% of its total Scope 1 and 2 emissions.	Y
	Metric 4.2.b - Where applicable, the company's Scope 3 GHG emissions target covers at least the most relevant Scope 3 emissions categories for the sector, and the company has published the methodology used to establish the Scope 3 target.	N
	Metric 4.3[7] - The company's expected carbon intensity derived from their short-term GHG target (or, in the absence of a short-term target, the company's last disclosed carbon intensity) is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°Celsius with low or no overshoot in 2025. This is equivalent to IPCC Special Report on 1.5°Celsius pathway P1 or net zero emissions by 2050.	N
Indicator 5: Decarbonisation Strategy (Target Delivery)[8]	**Indicator 5 - Decarbonisation Strategy (Target Delivery)**	N
	Sub-indicator 5.1 - The company has a decarbonisation strategy that explains how it intends to meet its long- and medium- term GHG reduction targets.[9]	N
	Metric 5.1.a - The company identifies the set of actions it intends to take to achieve its GHG reduction targets over the targeted timeframe. These measures clearly refer to the main sources of its GHG emissions, including Scope 3 emissions where applicable.	N

	Metric 5.1.b - The company quantifies key elements of this strategy with respect to the major sources of its emissions, including Scope 3 emissions where applicable (e.g. changing technology or product mix, supply chain measures, R&D spending).[10]	N
	Sub-indicator 5.2 - The company's decarbonisation (target delivery) strategy specifies the role of 'green revenues' from low carbon products and services.[11]	Not assessed
	Metric 5.2.a - The company already generates' green revenues' and discloses their share in overall sales.	Not assessed
	Metric 5.2.b - The company has set a target to increase the share of 'green revenues' in its overall sales OR discloses the 'green revenue' share that is above sector average.'	Not assessed
Indicator 6: Capital alignment[12]	**Indicator 6 - Capital alignment**	N
	Sub-indicator 6.1 - The company is working to decarbonise its capital expenditures.	N
	Metric 6.1.a - The company explicitly commits to align its capital expenditure plans with its long-term GHG reduction target OR to phase out planned expenditure in unabated carbon intensive assets or products.[13]	N
	Metric 6.1.b - The company explicitly commits to align future capital expenditure plans with the Paris Agreement's objective of limiting global warming to 1.5°Celsius AND to phase out investment in unabated carbon intensive assets or products.[14]	N
	Sub-indicator 6.2 - The company discloses the methodology used to determine the Paris Agreement alignment of its future capital expenditures.	N
	Metric 6.2.a - The company discloses the methodology and criteria it uses to assess the alignment of its capital expenditure plans with decarbonisation goals, including key assumptions and key performance indicators (KPIs).	N
	Metric 6.2.b - The methodology quantifies key outcomes, including the percentage share of its capital expenditures that is invested in carbon intensive assets or products, and the year in which capital expenditures in such assets will peak.	N

Publication Date: 9 September 2022

Indicator 7: Climate policy engagement	**Indicator 7 - Climate policy engagement**	Partial
	Sub-indicator 7.1 - The company has a Paris Agreement-aligned climate lobbying position and all of its direct lobbying activities are aligned with this.	N
	Metric 7.1.a - The company has a specific commitment/position statement to conduct all of its lobbying in line with the goals of the Paris Agreement.	N
	Metric 7.1.b - The company lists its climate-related lobbying activities, e.g. meetings, policy submissions, etc.	N
	Sub-indicator 7.2 - The company has Paris Agreement-aligned lobbying expectations for its trade associations, and discloses its trade association memberships.	Partial
	Metric 7.2.a - The company has a specific commitment to ensure that the trade associations the company is a member of lobby in line with the goals of the Paris Agreement.	N
	Metric 7.2.b - The company discloses its trade associations memberships.	Y
	Sub-indicator 7.3 - The company has a process to ensure its trade associations lobby in accordance with the Paris Agreement.	N
	Metric 7.3.a - The company conducts and publishes a review of its trade associations' climate positions/alignment with the Paris Agreement.	N
	Metric 7.3.b - The company explains what actions it took as a result of this review.[15]	N
Indicator 8: Climate Governance	**Indicator 8 - Climate Governance**	Partial
	Sub-indicator 8.1 - The company's board has clear oversight of climate change.	Y
	Metric 8.1.a - The company discloses evidence of board or board committee oversight of the management of climate change risks.	Y
	Metric 8.1.b - The company has named a position at the board level with responsibility for climate change.	Y
	Sub-indicator 8.2 - The company's executive remuneration arrangements incorporate climate change performance elements.	Partial

Publication Date: 9 September 2022

	Metric 8.2.a - The company's CEO and/or at least one other senior executive's remuneration arrangements specifically incorporate climate change performance as a KPI determining performance-linked compensation (reference to 'ESG' or 'sustainability performance' are insufficient).	Y
	Metric 8.2.b - The company's CEO and/or at least one other senior executive's remuneration arrangements incorporate progress towards achieving the company's GHG reduction targets as a KPI determining performance-linked compensation (requires meeting relevant target indicators 2, 3, and/or 4).	N
	Sub-indicator 8.3 - The board has sufficient capabilities/competencies to assess and manage climate related risks and opportunities. [BETA][16]	Not assessed
	Metric 8.3.a - The company has assessed its board competencies with respect to managing climate risks and discloses the results of the assessment.	Not assessed
	Metric 8.3.b - The company provides details on the criteria it uses to assess the board competencies with respect to managing climate risks and/or the measures it is taking to enhance these competencies.	Not assessed
Indicator 9: Just Transition [BETA Indicator]	**Indicator 9 - Just Transition [BETA Indicator]**[17]	Not assessed
	Sub-indicator 9.1	Not assessed
	Metric 9.1.a - The company has made a formal statement recognising the social impacts of their climate change strategy—the Just Transition—as a relevant issue for its business	Not assessed
	Metric 9.1.b - The company has explicitly referenced the Paris Agreement on Climate Change and/or the International Labour Organisation's (ILO's) Just Transition Guidelines.	Not assessed
	Sub-indicator 9.2 - The company has committed to Just Transition principles.	Not assessed
	Metric 9.2.a - The company has published a policy committing it to decarbonise in line with Just Transition principles.	Not assessed

Publication Date: 9 September 2022

	Metric 9.2.b - The company has committed to retain, retrain, redeploy and/or compensate workers affected by decarbonisation.	Not assessed
	Sub-indicator 9.3 - The company engages with its stakeholders on Just Transition.	Not assessed
	Metric 9.3.a - The company, in partnership with its workers, unions, communities and suppliers has developed a Just Transition Plan.	Not assessed
	Sub-indicator 9.4 - The company implements its decarbonisation strategy in line with Just Transition principles.	Not assessed
	Metric 9.4.a - The company supports low-carbon initiatives (e.g. regeneration, access to clean and affordable energy, site repurposing) in regions affected by decarbonisation.	Not assessed
	Metric 9.4.b - The company ensures that its decarbonisation efforts and new projects are developed in consultation with and seek the consent of affected communities.	Not assessed
	Metric 9.4.c - The company takes action to support financially vulnerable customers that are adversely affected by the company's decarbonisation strategy	Not assessed
Indicator 10: TCFD Alignment	**Indicator 10 - TCFD Alignment**	Y
	Sub-indicator 10.1 - The company has committed to implement the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).	Y
	Metric 10.1.a - The company explicitly commits to align its disclosures with the TCFD recommendations OR it is listed as a supporter on the TCFD website.	Y
	Metric 10.1.b - The company explicitly sign-posts TCFD aligned disclosures in its annual reporting OR publishes them in a TCFD report.	Y

	Sub-indicator 10.2 - The company employs climate-scenario planning to test its strategic and operational resilience.	Y
	Metric 10.2.a - The company has conducted a climate-related scenario analysis including quantitative elements and disclosed its results.	Y
	Metric 10.2.b - The quantitative scenario analysis explicitly includes a 1.5°Celsius scenario, covers the entire company, discloses key assumptions and variables used, and reports on the key risks and opportunities identified.[18]	Y

Publication Date: 9 September 2022

Final Alignment Assessments

Climate Accounting and Audit [PROVISIONAL ASSESSMENT] (CTI)

These assessments from Carbon Tracker Initiative (CTI) evaluate whether a company's financial statements and related disclosures, and the auditor's report thereon, reflect the financial effects of climate risk and the global move onto a 2050 (or sooner) net zero greenhouse gas emissions pathway and the Paris Agreement goal of limiting global warming to no more than 1.5°C. This assessment is provisional, meaning that information will be collected and publicly assessed as part of the October 2022 Climate Action 100+ Net Zero Company Benchmark, but the assessment framework will be subject to change in future iterations.

The financial statements reviewed are as of 31 December 2021

Download CTI and CAAP's Climate Accounting and Audit assessment methodology to learn more. **See endnote for scoring rules.**[19]

Climate Accounting and Audit Alignment Assessment	**Final Overall Score:** No, does not meet any criteria
Sub-Indicator 1: Financial statements- **The audited financial statements and notes thereto incorporate material climate-related matters.**[20]	No, does not meet any criteria
1.a The financial statements demonstrate how material climate-related matters are incorporated.[21]	No
1.b The financial statements disclose the quantitative climate-related assumptions and estimates.[22]	No
1.c The financial statements are consistent with the company's other reporting.[23]	No
Sub-Indicator 2: Audit report **The audit report demonstrates that the auditor considered the effects of material climate-related matters in its audit.**	No, does not meet any criteria

Publication Date: 9 September 2022

2.a The audit report identifies how the auditor has assessed the material impacts of climate-related matters.[24]	**No**
2.b The audit report identifies inconsistencies between the financial statements and 'other information'.[25]	**No**
Sub-Indicator 3: Alignment with net zero by 2050 (or sooner) **The audited financial statements and notes thereto incorporate the material impacts of the global drive to net zero greenhouse gas (GHG) emissions by 2050 (or sooner) which for the purpose of this assessment is considered to be equivalent to achieving the Paris Agreement goal of limiting global warming to no more than 1.5°C**.	**No, does not meet any criteria**
3.a The financial statements use, or disclose a sensitivity to, assumptions and estimates that are aligned with achieving net-zero GHG emissions by 2050 (or sooner).[26]	**No**
3.b The audit report identifies that the assumptions and estimates that the company used were aligned with achieving net zero GHG emissions by 2050 (or sooner) or provides a sensitivity analysis on the potential implications.[27]	**No**

Publication Date: 9 September 2022

Climate Policy Engagement Alignment
Assessed by Influence Map (IM)
This assessment relates to Indicator 7 (Climate Policy Engagement) of the Disclosure Framework

InfluenceMap provides detailed analyses of corporate climate policy engagement and the alignment of company climate policy engagement actions (direct and indirect via their industry associations) with the Paris Agreement goals. **These scores reflect InfluenceMap's assessment as of 1 September 2022.** Up-to-date scores, which are refreshed on a continual basis, can be found here. Download InfluenceMap's climate policy engagement methodology to learn more.

See endnote for scoring rules.[28]

Indicator	Score
Organisation Score (0-100%)[29]	66%
Relationship Score (0-100%)[30]	65%
Engagement Intensity Score (0-100%)[31]	31%

Publication Date: 9 September 2022

Electric Utility Companies: Capital Allocation Alignment
Assessed by Carbon Tracker Initiative (CTI)
This assessment relates to Indicator 6 (Capital Allocation) of the Disclosure Framework

These alignment assessments from Carbon Tracker Initiative (CTI) analyse **electric utility** companies' announced retirement schedules for their legacy coal and natural gas-fired power generation capacity and new planned carbon-emitting assets relative to a range of climate change scenarios. The analyses give investors insights on the relative adequacy and alignment of company actions with the Paris Agreement goals. **CTI's assessments are analysed using modelling, which is based on asset level global coal generation data as of July 2022 and natural gas data for companies in the EU, UK, and USA as of the same time period. Public disclosure and asset ownership information is assessed as of 30 June 2022.**

Download CTI's electric utilities assessment methodology to learn more. **See endnote for scoring rules.**[32]

Indicator	Assessment
1. COAL PHASE-OUT: Has the company announced a full phase-out of coal units by 2040 that is consistent with Carbon Tracker Initiative's (CTI) interpretation of the International Energy Agency's (IEA) Beyond 2°C Scenario (B2DS)?[33]	**Full retirement which is not yet consistent with B2DS**
2. GAS PHASE-OUT: Has the company announced a full phase-out of gas units by 2050 that is consistent with CTI's interpretation of the IEA's B2DS?[34]	**Not Assessed**
3. ALIGNMENT OF COAL PHASE-OUT: The percentage of the company's operating and planned coal capacity that is aligned with CTI's interpretation of IEA's B2DS. N/A signifies that no coal plants were identified.[35]	**59%**
4. ALIGNMENT OF GAS PHASE-OUT: The percentage of the company's operating and planned gas capacity that is aligned with CTI's interpretation of IEA's B2DS. N/A signifies that no gas plants were identified.[36]	**Not Assessed**

Publication Date: 9 September 2022

Electric Utility Companies: Capital Allocation Alignment
Assessed by the Rocky Mountain Institute (RMI, formerly the 2 Degrees Investing Initiative)
This assessment relates to Indicator 6 (Capital Allocation) of the Disclosure Framework

These alignment assessments from the Rocky Mountain Institute (RMI, formerly the 2 Degrees Investing Initiative) are made using the PACTA methodology and data provided by Asset Resolution. They analyse **electric utility** companies' planned capital expenditures (CAPEX) and production capacity for the coming 5 years, relative to a range of climate change scenario pathways for the sector. The analyses give investors insights on the relative adequacy and alignment of company actions with the Paris Agreement goals. **These assessments reflect the company's physical assets and production plans in the 12 months up to 31 June 2022.**

Download RMI's electric utilities assessment methodology to learn more. **See endnote for scoring rules.**[37]

Indicator	Metric	Assessment
Assessment of the company's Q2 2022 technology mix vs. The Q2 2022 sector average.[38]	5a. Coal	**Behind**
	5b. Oil	**Slightly ahead**
	5c. Gas	**Ahead**
	5d. Nuclear	**Behind**
	5e. Hydro	**Behind**

	5f. Renewables	**Behind**
Assessment of International Energy Agency (IEA) scenario alignment for each technology based on 2026 production forecasts.[39]	6a. Coal	**ALIGNED TO NZ <1.5°C**
	6b. Oil	**SIGNIFICANTLY ABOVE SDS >2.7°C**
	6c. Gas	**ALIGNED TO NZ <1.5°C**
	6d. Nuclear	**N.A.**
	6e. Hydro	**SIGNIFICANTLY ABOVE SDS >2.7°C**
	6f. Renewables	**SIGNIFICANTLY ABOVE SDS >2.7°C**
	6g. Aggregate Net Zero Scenario Alignment	**Behind**

[1] Contingency: Metric 1.1.b cannot be 'Yes' unless 1.1.a is also 'Yes'. In order to align with a global 1.5°C compatible scenario, some sectors need to reach net zero earlier than 2050. This is captured by Indicators 2.3, 3.3 and 4.3.
[2] Contingency: Metrics 2.2.a and 2.2.b cannot be 'Yes' unless Sub-indicator 2.1 is also 'Yes'. Sub-indicator 2.3 is not currently conditional on 2.1 or 2.2. Therefore, it is possible to have 'No' on 2.1 but 'Yes' on 2.3. Respectively, 2.1/2.2.a/2.2.b will be 'Yes' if 3.1/3.2.a/3.2.b are 'Yes' and are net zero targets (i.e. net zero will be achieved in the medium or short term).

[3] This Sub-indicator is based on TPI's Carbon Performance methodologies which apply the Sectoral Decarbonisation Approach. When no explicit long term target that TPI can assess is available, the latest available data point of the company's transition pathway is used to determine long term alignment. For example, a company with a 2030 target but no targets thereafter will have its 2030 data point compared with the benchmark value in 2050.For March and October 2022, this company was assessed against TPI's 1.5 Degrees scenario. This is in contrast to the March 2021 release for which this company was assessed against TPI's Below 2 Degrees Scenario. Scores may therefore not be directly comparable between Benchmark iterations.
[4] Contingency: Metrics 3.2a and 3.2b cannot be 'Yes' unless sub-indicator 3.1 is also 'Yes'. Sub-indicator 3.3 is not currently conditional on 3.1 or 3.2. Therefore, it is possible to have 'No' on 3.1 but 'Yes' on 3.3. Respectively, 3.1/3.2a/3.2b will be 'Yes' if 4.1/4.2a/4.2b are 'Yes' and are net zero targets (i.e. net zero will be achieved in the short term).
[5] This Sub-indicator is based on TPI's carbon performance methodologies which apply the Sectoral Decarbonisation Approach. When no explicit medium term target that TPI can assess is available, the latest available data point of the company's transition pathway is used to determine long term alignment. For example, a company with a 2030 target but no targets thereafter will have its 2030 data point compared with the benchmark value in 2050. For October and March 2022, this company was assessed against TPI's 1.5 Degrees scenario. This is in contrast to the March 2021 release for which this company was assessed against TPI's Below 2 Degrees Scenario. Scores may therefore not be directly comparable between Benchmark iterations.
[6] Contingency: Metrics 4.2a and 4.2b cannot be 'Yes' unless Sub-indicator 4.1 is also 'Yes'. Sub-indicator 4.3 is not currently conditional on 4.1 or 4.2. Therefore, it is possible to have 'No' on 4.1 but 'Yes' on 4.3.
[7] This Sub-indicator is based on TPI's carbon performance methodologies which apply the Sectoral Decarbonisation Approach. When no explicit short term target that TPI can assess is available, the latest available data point of the company's transition pathway is used to determine long term alignment. For example, a company with a 2030 target but no targets thereafter will have its 2030 data point compared with the benchmark value in 2050. For October and March 2022, this company was assessed against TPI's 1.5 Degrees scenario. This is in contrast to the March 2021 release for which this company was assessed against TPI's Below 2 Degrees Scenario. Scores may therefore not be directly comparable between Benchmark iterations.
[8] Contingency: Sub-indicator 5.1 is contingent on Sub-indicators 2.1- and 3.1 being 'Yes'. Sub-indicator 5.1 is not conditional on 2.3 and/or 3.3 (net zero alignment), i.e. 5.1 can be 'Yes' and 2.3/3.3 'No'.
[9] Offsets are now explicitly referred to in the methodology for Sub-indicator 5.1, which asks that any decarbonisation strategy "clearly identifies the set of actions the company will implement to achieve its decarbonisation targets (such as phasing out carbon intensive products or assets, developing or deploying low carbon technologies, decarbonising supply chains or using offsets)." Offsets will be an area for future development in the Net Zero Company Benchmark.
[10] Examples of key elements include: changing technology or product mix, supply chain measures, R&D spending, etc.
Clarifications for meeting the requirements of Metric 5.1b have been added since the March 2021 iteration of the Net Zero Company Benchmark. In order to be assessed as "Yes" on this Metric in the March and October 2022 iterations, companies must quantify the approximate proportion of emissions reduction each action in their decarbonisation strategy will contribute to their overall greenhouse gas reduction target. Some year-on-year scoring changes are therefore anticipated. For more details, see the 2022 Disclosure Framework assessment methodology.
[11] Currently Sub-indicator 5.2 and related Metrics only apply to focus companies headquartered on the European continent. The assessment will leverage the European Union's Green Taxonomy criteria on 'turnover' (or revenues) for companies headquartered on the European continent. The criteria used to assess non-European companies will be an ongoing area of development as part of broader discussions on the use of green revenue classification systems and regional taxonomies.
[12] Contingency: Metric 6.2 cannot be 'Yes' if 6.1a OR 6.1b are not also 'Yes'.
[13] Clarifications have been added to Metric 6.1a to enable assessment of companies' plans to phase out carbon intensive assets. Some year-on-year changes are therefore anticipated.
[14] Clarifications have been added to Metric 6.1b to enable assessment of companies' plans to phase out carbon intensive assets. Some year-on-year assessment changes are therefore anticipated.
[15] Contingency: Metric 7.3b cannot be 'Yes' unless Metric 7.3a is also 'Yes'.
[16] Beta = data collected, but not publicly assessed. Subject to change in future iterations of the Benchmark.
[17] A just transition requires the company to consider the impacts of transitioning to a lower-carbon business model on its workers and communities. Beta = data collected, but not publicly assessed. Subject to change in future iterations of the Benchmark.
[18] Contingency: Metric 10.2b cannot be 'Yes' unless Metric 10.2a is also 'Yes'.
[19] Climate Accounting and Audit scoring rules:

- Green—At the overall Indicator level, the company receives a 'Yes' on all Sub-indicators and Metrics that make up the indicator. At the Sub-indicator level, the company receives a 'Yes' on all Metrics that make up the Sub-indicator.
- Amber— At the overall Indicator level, the company receives a 'Yes' on at least one Metric that makes up the Indicator. At the Sub-indicator level, the company receives a 'Yes' on at least one Metric that makes up the Sub-indicator.

- Red—At the overall Indicator level, the company receives a 'No' on all Sub-indicators or Metrics that make up the indicator. At the Sub-indicator level, the company receives a "No" for all Metrics that make up the Sub-indicator.

[20] For rate-regulated entities, the climate-related financial impacts might be mitigated if they are subject to rate-regulation, since regulators can choose between allocating losses to either consumers or shareholders.
[21] Climate-related matters may include the physical impacts of climate change and/or transition impacts from climate mitigation on the company's market, sector, business environment, and drivers of its costs and revenues. It also includes the company's own response, for example any emissions targets set and the company's strategy for decarbonisation. In addition to overall considerations, such as the company's ability to continue as a going concern, examples of relevant assets and liabilities include (but are not limited to): property plant and equipment (PPE) assets; goodwill and other intangible assets; inventory; asset retirement or decommissioning obligations; deferred tax assets and liabilities; investments, including joint ventures and associates; and/or provisions and loss contingencies.
[22] This Metric is assessed independently from Metric 1a on how the company has considered climate matters. This Metric can be achieved by disclosing relevant climate-related quantitative inputs even if the company did not take climate into consideration for such inputs. Examples of relevant assumptions and estimates include (but are not limited to) quantification of: projected interim and long-term commodity prices used in forecasting revenues, for example oil, gas and coal prices; CO2 prices used in forecasting costs; cash flow growth rates; and/or estimated remaining useful lives, particularly of climate-exposed assets and related obligations.
[23] This metric is contingent on Metric 1a. To be assessed as 'Yes', the company must have been assessed as 'Yes' for Metric 1a. Other reporting includes other sections of the annual report (or similar filing) and may also include separate reporting such as sustainability reports, TCFD reports, analyst presentations, and the company's website. This Metric focuses on financial statements. The company's other reporting on climate provides the context for evaluating the financial statements, but is not assessed.
[24] This Metric focuses on the auditor's disclosure of Key or Critical Audit Matters (K/CAMs) as applicable under the relevant auditing standards. Discussions may either be in a separate climate-related K/CAM or on specific accounting topics. This Metric may also be achieved through reporting of how climate was considered in assessing risk and determining the audit approach.
[25] This Metric assesses the auditor's consistency check. An inconsistency between the discussion of climate matters outside the financial statements and consideration in the financials could mean a material misstatement in reporting. Information that comprises 'other information' is specified under the relevant auditing standards. If Metric 1c is assessed as 'Yes' this Metric will likely result in a 'Yes'.
[26] This Metric focuses on the use of assumptions and estimates that are 'best estimates' of scenarios aligned with achieving net zero emissions by 2050 or sooner ('aligned assumptions'), or the provision of a sensitivity analysis using such assumptions and estimates. Currently, the International Energy Agency's Net Zero Emissions by 2050 Scenario and related price deck are used for this assessment, where applicable. This sets out a pathway to reach net zero emissions by mid-century and keep the global temperature rise to 1.5°C with a 50% probability. However, additional updated reference scenarios may become available over time.
[27] This Metric is independent of Metric 3a, as the auditor is asked to take an independent role in assessing the assumptions used by the company (either directly or through sensitivity analysis), or to indicate what reasonably-aligned assumptions would be and provide its own sensitivity analysis.
[28] The scoring rules for InfluenceMap's Alignment Assessments are as follows:

Organisation and Relationship Scores:

- Green—The company's Organisation and/or Relationship score is above 75%. This indicates broad alignment with the Paris Agreement.
- Amber—The company's Organisation and/or Relationship score is between 50-74%. This indicates mixed engagement on climate policy.
- Red—The company's Organisation and/or Relationship score is below 50%. This indicates increasingly significant misalignment with the Paris Agreement as the percentage nears zero. Scores below 25% indicate material and significant opposition.
- Grey (Not applicable)—The company's Organisation Score is not applicable when its Engagement Intensity score is below 5%. The company's Relationship Score is not applicable when it does not maintain significant links to industry associations actively influencing climate policy (as per InfluenceMap's current database).

Engagement Intensity Score

- Above 25% indicates increasingly active and strategic policy engagement as the percentage nears 100%, with the highest Climate Action 100+ companies currently scoring around 60%.
- Above 12% indicates active policy engagement.
- Between 5-12% indicates a moderate level of climate policy engagement.
- Below 5% indicates low-level engagement with climate policy.

[29] Organisation Score (expressed as a percentage from 0 to 100) is a measure of how supportive or obstructive the company's direct engagement is with climate policy aligned with the Paris Agreement, with 0% being fully opposed and 100% being fully supportive. See scoring rules above for more details.
[30] Relationship Score (expressed as a percentage from 0 to 100) is a measure of how supportive or obstructive the company's industry associations are towards climate policy aligned with the Paris Agreement, with 0% being fully opposed and 100% being fully supportive. This calculation accommodates an assessment of the strength of the relationship between a company and an industry association, for example a stronger weighting will be attributed where a company has a representative on the board of an industry association. See scoring rules above for more details.
[31] Engagement Intensity (expressed as a percentage score from 0 to 100) is a measure of the level of policy engagement by the company, whether positive or negative. See scoring rules above for more details.
[32] The scoring rules for Carbon Tracker's Electric Utility Alignment Assessments are as follows:

COAL PHASE-OUT

- Green—The company has announced a full retirement of their coal-fired generation by 2040 consistent with the International Energy Agency's (IEA) Beyond 2°C Scenario (B2DS), CTI's interpretation of a Paris Agreement-aligned pathway.
- Amber—The company has announced a full retirement of their coal-fired generation by 2040, but it is not yet consistent with B2DS.
- Red—The company has announced only a partial retirement of their coal-fired generation by 2040. Alternatively, the company has not yet announced a coal retirement schedule, or there is insufficient data disclosed on their retirement plans.

GAS PHASE-OUT

- Green—The company has announced a full retirement of their gas-fired generation by 2050 consistent with the IEA's B2DS, CTI's interpretation of a Paris Agreement-aligned pathway.
- Amber—The company has announced a full retirement of their gas-fired generation by 2050, but it is not yet consistent with B2DS.
- Red—The company has announced only a partial retirement of their gas-fired generation by 2050. Alternatively, the company has not yet announced a gas retirement schedule, or there is insufficient data disclosed on their retirement plans.

ALIGNMENT OF COAL PHASE-OUT

- Green—100% of the company's operating and planned coal capacity is consistent with the IEA's B2DS or the company has already phased out all coal capacity.
- Amber—75-99% of the company's operating and planned coal capacity is consistent with B2DS.
- Red—Less than 75% of the company's operating and planned coal capacity is consistent with B2DS.

ALIGNMENT OF GAS PHASE-OUT

- Green—100% of the company's operating and planned gas capacity is consistent with the IEA's B2DS or the company has already phased out all gas capacity.
- Amber—75-99% of the company's operating and planned gas capacity is consistent with B2DS.
- Red—Less than 75% of the company's operating and planned gas capacity is consistent with B2DS.

[33] This assessment shows the scope and pace of the company's coal plant retirements, as well as whether the goals and ambitions of the Paris Agreement are integrated into the company's power generation strategy. CTI examines whether companies have developed and disclosed:

- a full phase-out retirement schedule for all coal-fired generation capacity with assigned retirement years that are consistent with the demand constraints outlined in B2DS,
- a full retirement schedule with inconsistent retirement years,

- an only partial retirement schedule, or
- provided no or insufficient information to assess.

B2DS is a rapid-transition scenario equivalent to an estimated 1.75°C of global warming in this century (with an approximate 50% probability). Net zero emissions would be reached by 2060. The intent is to assess all companies against a net zero by 2050 scenario, as and when the necessary data becomes available. In the absence of sufficient data to assess companies against the IEA's Net Zero Emissions by 2050 Scenario, companies are assessed against the next most ambitious scenario, which is the IEA's B2DS.

[34] This assessment shows the scope and pace of the company's gas plant retirements, as well as whether the goals and ambitions of the Paris Agreement are integrated into the company's power generation strategy. CTI examines whether companies have developed and disclosed:

- a full phase-out retirement schedule for all gas-fired generation capacity with assigned retirement years that are consistent with the demand constraints outlined in B2DS,
- a full retirement schedule with inconsistent retirement years,
- an only partial retirement schedule, or
- provided no or insufficient information to assess.

B2DS is a rapid-transition scenario equivalent to an estimated 1.75°C of global warming in this century (with an approximate 50% probability). Net zero emissions would be reached by 2060. The intent is to assess all companies against a net zero by 2050 scenario, as and when the necessary data becomes available. In the absence of sufficient data to assess companies against the IEA's Net Zero Emissions by 2050 Scenario, companies are assessed against the next most ambitious scenario, which is the IEA's B2DS.

[35] The smaller the percentage of coal capacity aligned with B2DS, the higher the transition risk for the company. This assessment uses CTI's least cost methodology to identify the relative alignment of the company's coal capacity retirements compared to CTI's interpretation of the IEA's B2DS, where perfect alignment = 100%. B2DS is a rapid-transition scenario equivalent to an estimated 1.75°C of global warming in this century (with an approximate 50% probability). Net zero emissions would be reached by 2060. The intent is to assess all companies against a net zero by 2050 scenario, as and when the necessary data becomes available. In the absence of sufficient data to assess companies against the IEA's Net Zero Emissions by 2050 Scenario, companies are assessed against the next most ambitious scenario, which is the IEA's B2DS.

[36] The smaller the percentage of gas capacity aligned with B2DS, the higher the transition risk for the company. This assessment uses CTI's least cost methodology to identify the relative alignment of the company's gas capacity retirements compared to CTI's interpretation of the IEA's B2DS, where perfect alignment = 100%. B2DS is a rapid-transition scenario equivalent to an estimated 1.75°C of global warming in this century (with an approximate 50% probability). Net zero emissions would be reached by 2060. The intent is to assess all companies against a net zero by 2050 scenario, as and when the necessary data becomes available. In the absence of sufficient data to assess companies against the IEA's Net Zero Emissions by 2050 Scenario, companies are assessed against the next most ambitious scenario, which is the IEA's B2DS.

[37] The scoring rules for the Rocky Mountain Institute's Electric Utility Alignment Assessments are as follows:

1. **Assessment of the company's Q2 2022 technology mix vs. The Q2 2022 sector average**

- Green—The company is 'Ahead' or 'Slightly Ahead' of the sector average.
- Amber—The company is 'Aligned' with the sector average.
- Red—The company is 'Behind' or 'Slightly Behind' the sector average.

2. **Alignment of the company's 2026 production capacity forecasts for each technology compared to International Energy Agency (IEA) scenarios**

- Green—The company's production capacity trajectory is below the target for the NZE<1.5°C (where 'NZE' is the IEA's Net Zero by 2050 Scenario).
- Amber—The company's production capacity trajectory is below the target for the SDS 1.5°C-1.7°C (where 'SDS' is the IEA's Sustainable Development Scenario).
- Red—The company's production capacity trajectory is above the target for the SDS>1.7°C or Significantly above the target for the SDS>2.8°C.

3. **Assessment of the company's aggregate IEA scenario alignment**

- Green—The company is 'Ahead' or 'Slightly Ahead' of the NZE target technology production capacity for the utilities sector.
- Amber—The company is 'Aligned' with the NZE target technology production capacity for the utilities sector.
- Red—The company is 'Behind" or 'Slightly Behind' the NZE target technology production capacity for the utilities sector.

[38] This assessment shows how the company's present mix of power technologies currently compares with the sector average for each technology. The analysis is conducted on the technology level, meaning RMI compares the technology share of the company with the technology share of the global sector average. The assessment is based on whether the company's technology mix is ahead of the market in terms of a decrease in fossil fuel-based production capacity (coal, oil and gas) or an increase in low carbon production capacity (nuclear, hydro and renewables). For more information on how the sector average is calculated see the supporting methodology document. Possible assessment outcomes include: Behind (>15% negative deviation); Slightly Behind (5-15% negative deviation); Aligned (+ or – 5%); Slightly Ahead (5-15 % positive deviation); or, Ahead (>15% positive deviation). For example, if the market's power technology mix consists of 20% coal power, while the company's technology mix consists of 17% coal power, then the company is 'Ahead' of the market (>15% positive deviation from the sector average), implying that it's greener than the market in terms of coal power. Similarly, if the market's technology mix consists of 15% renewable power, and a company's technology mix consists of 10% renewable power, then it's 'Behind' the market (>15% negative deviation from the sector average).

[39] This assessment shows the company's planned contribution to the transition towards a low carbon power system for the coming 5 years, in relative terms for various technologies. The assessment evaluates the company's planned capacity additions and reductions with IEA scenarios and identifies the scenario pathway to which it most closely corresponds per technology. The "aggregate net zero scenario alignment of the company" is calculated for the IEA Net Zero by 2050 Scenario (NZE) based on a weighted average alignment across all technologies. The weighting uses a combination of: (i) the company's target capacity per technology (i.e., the relative importance of the technology to the company); and (ii) the target change in capacity per technology calculated based on the IEA NZE between Q2 2022 and 2026 (i.e. based on, the relative importance of the technology in the scenario). Companies' trajectories for each technology are assessed against the target value for each scenario. The result is assessed as being either aligned with the NZE (NZE<1.5°C), aligned with the Sustainable Development Scenario (SDS 1.5°C-1.7°C), above the Sustainable Development Scenario (SDS >1.7°C), or significantly above the Sustainable Development Scenario (SDS >2.8°C). The IEA's Stated Policies Scenario (STEPS) is used to identify trajectories that are significantly above the SDS.